



STATE OF WASHINGTON

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TO: SRFB Members and Designees
FROM: Laura Johnson, Director *LJ*
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SUBJECT: New Biennium Budget

Budget Overview

A biennial budget (operating and capital) is required to be submitted to the Office of Financial Management in late August of even-numbered years. The 2007-2009 agency operations budget is prepared for the period of July 1, 2007 through June 30, 2009. The capital budget covers a 10 year period, with a detailed request for the 2007-2009 biennial period.

Budget Timeline

Agency strategic plans are due to OFM by July 1, 2006. This is the first step in the budget process. The second step is the submission of the operating and capital budget, in late August 2006. The Governor's office and the Office of Financial Management (OFM) review the agencies' budgets through November 2006. Final Governor budget decisions are made by December 2006. The agency's request, if and as modified by the Governor, will be considered by the Legislature in 2007. The 2007 legislative session runs from early January to the end of April; the biennial budget becomes effective on July 1, 2007.

SRFB's Capital Funding Request

For the SRFB, the primary budget decisions revolve around the capital budget. Capital appropriations are the source for SRFB's grant funds, state and federal.



At the June 2006 meeting, SRFB needs to approve an amount to request for state funding. State funds have two key purposes. First, they help support implementation of the state's salmon recovery priorities as set out in Ch. 77.85 RCW. As the Board is aware, the state's recovery approach is somewhat broader than specific ESA-based federal recovery requirements. State-derived funds enable the SRFB to better address the full spectrum of fish habitat recovery, including non-listed species.

History of state funds:

01-03 Biennium	\$26,351,000
03-05 Biennium	\$12,000,000
05-07 Biennium	\$18,000,000

In addition to their inherent value for the state's fish, the state capital funds provide the matching portion for federal salmon recovery funds. The federal "PCSRF"¹ requires at least a 25% match. It is important to demonstrate to Congress the continued significant commitment of the states to the PCSRF efforts. The required match should be regarded as a minimum target, not the state's most appropriate target. Projected federal PCSRF awards for the next biennium are approximately \$47 million (Federal Fiscal 07 and 08).

Recommendation

Assuming the projected PCSRF target of \$47 million, the staff's minimum recommendation for the new state capital funds request would be approximately \$11.8 million to ensure adequate required matching funds. Given the continuing needs for recovery incentives, the Board should consider asking the legislature to match the federal funds more substantially, at not less than this biennium's current level.

Operating Enhancements (Decision Packages)

The SRFB does not have a stand-alone operating budget. Its staff and operating expenses are within the overall current-level budget for the Office of the Interagency Committee. Agencies may include enhancements to the operating budget; these enhancements (decision packages) are for items that do not fall within the normal operating budget. This level of funding is difficult to obtain, because our enhancements compete against other requests and there is a limited amount of statewide funding.

Traditionally, the Office has been very conservative in requesting operating enhancements. The SRFB should be aware of two decision package items the Office will likely submit this cycle. For 2007-09, the agency may request an enhancement package to ensure our basic technology systems are current. We continue to upgrade the PRISM grants management system, largely to respond to vendor software changes,

¹ Pacific Coastal Salmon Recovery Fund, verbalized as 'Pac Surf', is the title for the federal West Coast salmon recovery funds since 2001.

Internet accessibility, and federal reporting requirements. These systems changes will apply to all programs administered in the Office. Although the Office will probably also seek an additional staff person for administering the IAC's newest recreation and conservation related programs, we do not propose additional staff for SRFB-specific administration. At this point, the Office's operating decision packages are not fully developed. As to SRFB-related portions of the operating budget for the Office, we welcome any Board inquiries or direction.

SRFB members are encouraged to suggest other operating or programmatic initiatives for the new biennium. Staff will develop these ideas into budget proposals for inclusion in the Office's submission.